



COUNCILMEMBER DONNA FRYE

City of San Diego
Sixth District

MEMORANDUM

DATE: May 15, 2006

TO: SDCERS Board President, Peter Preovolos

FROM: Councilmember Donna Frye *Donna Frye*

SUBJECT: Annual Required Contribution (ARC) Questions

In response to my April 10, 2006 memorandum to Mayor Sanders' CFO, Jay Golstone, a number of questions I had were forwarded to SDCERS. It is my understanding that with the upcoming final actuarial report on May 19, 2006 that these questions can now be answered. Please provide answers to the following questions in writing:

1. What is the amount of the ARC for Fiscal Year 2007-2008? Is it calculated using actuarial methods that comply with Interperiod Equity according to GASB and Intergenerational Equity according to California law? If not, what is the amount of the ARC calculated using actuarial methods that comply with Interperiod Equity and Intergenerational Equity?
2. What are the actuarial methods that were used to calculate the ARC? (for example, the amortization schedule, the assumed rate of return, withdrawal rates, mortality rates, etc.)
3. What is the normal cost (in dollars) used in the ARC? What is the percentage that was used to calculate the normal cost?
4. What is the amount of the payment (in dollars) used in the ARC to amortize the UAAL? What is the percentage that was used?
5. Which contingent liabilities were included in the ARC? (Corbett, 13th Check, Supplemental Cost of Living Allowance, etc.) What is the cost (in dollars) of each of the contingent liabilities included? If the contingent liabilities were not included, why not?
6. What is the total amount (in dollars) of the one-year interest on the Unfunded Actuarial Accrued Liability (UAAL) used in the ARC? What number was used for the UAAL in calculating this interest payment? What number (percentage) was used for the interest?

Thank you for your attention to this matter. I look forward to your response.

DF/ks